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sugar, without its price being kept up relatively to other agricultural products, appears to be a practicable proposal.

The final nutrient values balance sheet, although suggestive and of considerable theoretical and practical interest, cannot, of course, pretend to give even a rough notion of the actual deficit to be expected. It is based on the assumption that all the reforms suggested should be, and could be, carried into execution in a single moment of time. Over two hundred thousand tons of albuminoid, for instance, are to be saved by the sacrifice of 10 per cent. of the stock of cows and $3\frac{1}{2}$ million pigs. But such a reduction of live-stock must take time, and until it is achieved not only would it be impossible to bring about the desired gain, but the maintenance of the average production of preceding years with an over-supply of cattle and an under-supply of fodder would be difficult. The figures, in fact, are based on an impossible hypothesis. But if the book be looked upon as a starting-point from which further inquiry and more precise statistical calculations may be made, and not as a compendium of carefully revised ultimate conclusions, its value cannot be denied.

A LOVEDAY

Credit, Industry, and the War. Edited by PROF. A. W. KIRKALDY, with a Preface by PROF. W. R. SCOTT. (London : Sir Isaac Pitman & Sons, Ltd. Pp. vii + 268. Price 2s. 6d. net.)

THIS is one of the books that will be very interesting some day. When the war is over and we have solved all the problems that now make it so difficult to take any interest in anything else, we shall spend some pleasant evenings in turning over its pages and reading what was said at a meeting of the British Association in 1915 about the financial and industrial questions that had at that time been propounded by the god of war. *Forsan et hæc olim meminisse juvabit.* At present, without any disrespect for the distinguished authorities who composed it, one has to admit that the book came too late to be quite fresh and too early to be quite final ; also, that it is inevitable that a work which is a series of utterances by different writers on different subjects has a somewhat jerky and uncomfortable effect on the mind of the reader. As an example, I may quote the following string of very interesting observations on the subject of war taxation :—

“Professor Dicksee and Mr. F. W. Hirst believe that the nation is better able to bear heavy taxation during a war than during the years immediately following the conclusion of peace, although the Professor assumes that the taxation is ‘intelligently applied, so as to hit those who

are benefiting financially from the war.' Professor Boyd Dawkins also writes in support of immediate taxation, and urges that special imposts should be levied upon war profits. Sir Edward Brabrook is inclined to recommend further taxation, but regards the question as one of the greatest difficulty: 'The test of the propriety of taxation is the ability of the community to bear it, *i.e.*, to bear it without sacrificing all that makes life endurable.' . . .

"Professor Dicksee agrees with other correspondents in holding that 'public economy in time of peace is the best possible way of providing a financial reserve against time of war.' He continues: 'At the risk of embarking upon political rather than economic issues, I should like to put forward the view that we are now being called upon to pay for the experiments of politicians in social reform during the past ten years. The need for both public and private economy is fairly obvious; but public economy has been rendered difficult by the enormous increase in the number of officials employed by Government Departments and local authorities, while private economy is rendered difficult by the heavy taxation—even on a peace footing—of the well-to-do classes, and by the general trend of legislation which seems to have been specially designed to discourage thrift.' . . .

"Professor Bastable, who has composed his memorandum after reading those written by the other contributors, thinks that the proportion of the tax contribution to the wars of 1793-1815 has been over-estimated. 'Instead,' he writes, 'of one-half of the cost having been met by taxation, the fact seems to be that little more than one-fourth of the war expenditure was so provided. . . . The financial management of the Crimean War (which was more in the hands of Cornwall Lewis than in those of Gladstone) was more satisfactory. More than half of the cost was met out of tax revenue (£38,000,000 out of the total of £70,000,000), which showed a marked contrast with the French policy in the same war.' . . .

"If £2,000,000,000 be taken as an under-estimate of the national income, and if we take the view of those financial writers who hold that under emergency pressure 25 per cent. of this income could be secured for the State, it follows that for a limited period of strain £500,000,000 would be the available tax revenue. Bearing in mind the possibility of very large economies on the normal peace outlay, it seems as if vigorous financial administration, sparing no special interests or classes, would supply over £300,000,000 for each year of a limited war period. The tax revenue, just indicated as possible, has evidently to be supplemented by the use of loans. It is, or ought to be, recognised that there are large funds which cannot be brought in by the pressure of the tax-collector, but which will flow into the Exchequer if the inducement of adequate interest is afforded. We may, perhaps, assume that by this means an amount equal to that gained from taxation is obtainable, year by year, for a war period of several years. The compulsory contribution of the taxpayer is balanced by the voluntary payments of the saving class.

"The general result of the foregoing estimate shows an annual fund of over £700,000,000 available for the cost of war. Taking the total of this cost as approximating towards £1,000,000,000, there remains a sum of over £250,000,000 to be supplied, and here the use of an external loan is manifestly prescribed."

It sounds like a very long while ago when we find the total cost of the war spoken of as "approximating towards £1,000,000,000

a year"; and I suspect that Professor Bastable has already reconsidered his conviction that "productiveness is the one great criterion of war taxes." It is now evident, I venture to think, that, owing to the paradoxical results of our war finance, which has produced an orgy of whole-hearted extravagance in most classes of the community, it is in these days quite as much the business of the tax-gatherer to check consumption as to raise revenue; that whichever he does he is doing good work, and that consequently it is difficult to tax, both directly and indirectly, too high as long as the "still discordant wavering multitude" does not become restive. This it shows no sign whatever of doing as long as the burden of taxation is equitably apportioned.

On the subject of the need for economy, the following passage preaches a doctrine which is slowly gaining ground among the few people who have time to think about the matter :—

"The creation of credit has been necessarily profuse, one might almost say necessarily reckless, in this country during the war; wages and prices are on a war basis which can admittedly be only temporary. The result is inflation, which, in the opinion of many, is reflected in an unfavourable rate of exchange. What is to be the remedy? Let us turn back to our summary of the factors which determine the level of exchange rates. . . . The interest on debts due from abroad will certainly decline rather than increase during the war, and the withdrawal of men from industry for military purposes prevents any increase in the volume of our services to other nations. The shipment of gold provides a possible palliative for an unfavourable rate, and the criticism is often heard that gold reserves are valueless unless use is made of them. In the present case, however, we are confronted with the difficulty that our stock of gold is wholly inadequate to maintain exchange rates, and that America, to which country most of the gold exported would find its way, has ample supplies of the metal. Mr. Metz, indeed, argues that the export of gold, the sale of securities, and the creation of credits all 'suffer from the same evil, that they can be applied only once, and that, once availed of, they weaken rather than strengthen the situation.' . . .

"Gold exports, therefore, cannot be relied upon as a permanent way out of our difficulty, and the loss of our small stock might have serious results in weakening confidence both here and abroad. . . . The trade balance may be permanently affected by the discouragement of imports into this country, by the encouragement of exports, by increased economy of consumption, and by taxation. . . .

"In all these directions something has been done by exhortation in the speeches of Cabinet Ministers and from the pulpit, but it may be doubted whether such exhortations have had any but the most superficial effect, nor are they likely to touch more than the fringe of the question. Action of a more direct kind is needed, and such action is not likely to meet with insuperable obstacles. Economy should be enforced as well as preached, and the lesson should be easier in that Germany has already set an example to the whole world. But when all these palliatives and remedies have been adopted, there is little doubt that there will remain a great deal to be done, and our weapon for this purpose must be the raising of credits abroad.

Here, again, the difficulties are merely difficulties of detail and procedure, for no one doubts that the British Government could raise money in the United States on favourable terms."

There may be more than one opinion as to how far the conditions of the Anglo-French loan bear out this confident forecast. At least it is clear that, in view of war's accidents, the less we rely on raising credits abroad the more secure will our financial staying power be.

There is much interesting matter on the subject of the first shock of crisis at the beginning of the war and the measures taken to deal with them. These measures are weighed in the balance and found wanting, in the following terms, apparently by Mr. A. H. Gibson :—

"The measures enumerated above restored confidence among the banks, who had standing over them the possibility of a general run from their depositors at a time when they were unable to convert any large part of their resources into legal tender currency. For the rapid restoration of confidence among the banks the Government measures must be considered as having been very effective.

"In the absence of legislation providing that banking deposits over a certain amount should not be withdrawable without a certain notice first being given by the depositor, some measures of protection to banks were necessary in order to restore confidence among the banks. So far as the public were concerned, the experience of the banks has since shown that the protective measures enumerated were unnecessary. If there had been no extension of the Bank Holiday, and the banks had not refused to pay out gold to their depositors in the ordinary course of business, there is no reason to think that gold withdrawals from the banks would have been on a very abnormal scale. There would possibly have been a few extra millions paid out during August, but the drain could easily have been met without much effect on current stocks."

On the industrial side of war's economic problems the interesting conclusion was arrived at, by the authorities assembled at the British Association, that it is not true, except in exceptional cases and to a small extent, that women have replaced men "in the sense that they are now doing processes which before the war were done by men." This view is so contrary to the general belief that it may be as well to give the reasoning by which it was arrived at :—

"The nature of the demands arising out of the war must have an important bearing upon the kind of labour required. A large part of the Government demand for goods is in those branches of trades in which a larger proportion of women is employed than in the trade as a whole. A good example of this is the tailoring trade, which normally employs something like 130,000 women, together with a large casual fringe of women who come into the trade in times of seasonal pressure. . . . The great increase of women's employment in the leather trade owing to the war has, to a certain extent, been in the lighter accoutrement branches on processes normally done by

women; while in the boot and shoe branch there has actually been a replacement of women by men owing to the heavier nature of the work required in the military than in the civilian boot.

"A considerable part of the Government demand is also in trades, *e.g.*, the munition branches of the engineering and metal trades, in which a large proportion of semi-skilled or unskilled female labour can be absorbed, especially in such exceptional processes as the filling of shells, and in which after the war the demand will decline.

"From the above considerations it will be seen that *much of the extension of women's employment during the war in industry proper is in work which is normally done by women and in which the necessities of war have created an unprecedented demand. Other work now done by women is exceptional work which will decline with the advent of peace. But a survey of the whole field suggests that owing to the installation of special plant the proportion of woman labour may be affected.*"

I must end a review which has, inevitably and beneficially, consisted largely of quotations, by congratulating the editor of the book on a highly successful performance of a very difficult task.

HARTLEY WITHERS

English Railways: Their Development and their Relation to the State. By EDWARD CLEVELAND-STEVENS, M.A. (London: Routledge, 1915. Pp. xvi + 332, with maps. Price 6s. net.)

ONE can hardly think that even the universal lassitude likely to prevail at the end of the war can cause English railways absolutely to revert to the *status quo ante*. For though the external fabric of our railways has remained unaltered, their change of status has actually been greater than is the case either in France or Germany. In other countries the constitutional and financial status of the railways remains unaltered. Though a military control has been superimposed, the railroad undertakings still render accounts and receive payments for military transport according to the established scale. Here, on the other hand, the huge services performed by our railways for the War Office and the Admiralty are rendered without charge, with no accounting record, while the rest of the traffic is worked by the companies as mere agents of the Government. If that traffic, after payment of expenses, including interest and dividends on the pre-war scale, leaves a profit, the profit accrues to the Government; if a loss, the Government meets it. Such a revolution must surely leave its mark on future history.

And if, after the war, there is to be an era of reconstruction in railway affairs, it would seem obvious that a work such as Mr. Cleveland-Stevens' will be of the utmost value. One cannot, of